



FY22 Half Year Results

16 February 2022

Thriving communities | Global force

ersonal use only

Forward Looking Statements Disclaimer



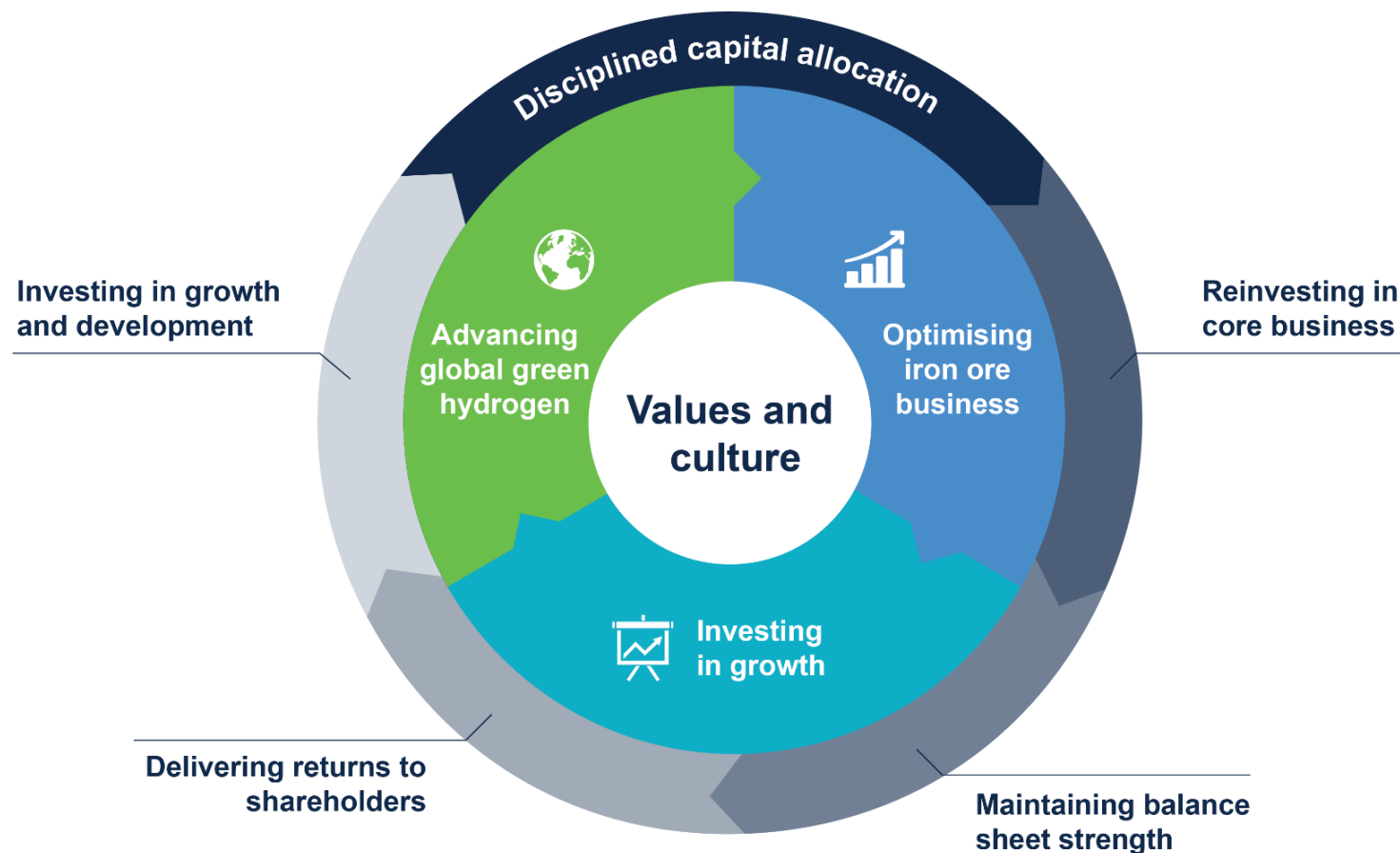
Important Notice

The purpose of this presentation is to provide general information about Fortescue Metals Group Ltd (“Fortescue”). It is not recommended that any person makes any investment decision in relation to Fortescue based on this presentation. This presentation contains certain statements which may constitute “forward-looking statements”. Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements. No representation or warranty, express or implied, is made by Fortescue that the material contained in this presentation will be achieved or prove to be correct. Except for statutory liability which cannot be excluded, each of Fortescue, its officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this presentation and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom. Fortescue accepts no responsibility to update any person regarding any inaccuracy, omission or change in information in this presentation or any other information made available to a person nor any obligation to furnish the person with any further information.

Additional Information

This presentation should be read in conjunction with the Annual Report at 30 June 2021 together with any announcements made by Fortescue in accordance with its continuous disclosure obligations arising under the Corporations Act 2001 and ASX Listing Rules. Any references to reserve and resources estimations should be read in conjunction with Fortescue’s Mineral Resources and Ore Reserves Update released to the Australian Securities Exchange on 27 August 2021. Fortescue confirms in the subsequent public report that it is not aware of any new information or data that materially affects the information included in the Annual Report and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the Annual Report continue to apply and have not materially changed. All amounts within this presentation are stated in United States Dollars consistent with the functional currency of Fortescue Metals Group Ltd, unless otherwise stated. Tables contained within this presentation may contain immaterial rounding differences.

Transitioning to a vertically integrated green energy and resources company



Thriving communities | Global force

ersonal use only

Our Values

Safety

Integrity

Family

Enthusiasm

Empowerment

Courage and determination

Frugality

Generating ideas

Stretch targets

Humility



Thriving Communities | Global force

H1 FY22 operational highlights



Strong operating performance delivers
record half year shipments

93.1 mt

Record half year shipments

US\$15.28 /wmt

Industry leading C1 cost

US\$96 /dmt

Average revenue

70%

Realisation of the Platts 62%
CFR Index

H1 FY22 financial highlights



US \$8.1 bn

Revenue

59%

Underlying EBITDA margin

US \$4.8 bn

Underlying EBITDA

US \$58 /dmt

Underlying EBITDA per tonne¹

US \$2.8 bn

Net profit after tax

US \$0.90

Earnings per share (A\$1.24)

¹ Underlying EBITDA per tonne excludes FFI expenditure

H1 FY22 financial highlights



US \$2.1 bn

Net operating cashflow

US \$1.5 bn

Capital expenditure

US \$2.9 bn

Cash on hand

US \$4.6 bn

Gross debt

US \$1.7 bn

Net debt

23%

Gross gearing

ersonal use only

Shareholder returns



Dividend policy to payout 50 to 80 per cent of full year net profit after tax

^A**\$0.86** per share

Fully franked interim dividend

70% of H1 FY22 NPAT

Dividend payout ratio

^A**\$2.65** bn

Value of the H1 FY22 dividend

ersonal use only



FY22 guidance



180 – 185 mt

Iron ore shipments

US \$15.00 –

US \$15.50 /wmt

C1 cost

US \$3.0 – US \$3.4 bn

Capital expenditure, excluding
Fortescue Future Industries

*C1 cost and capital expenditure is based on an assumed FY22 average
exchange rate of AUD:USD 0.72*

ersonal use only

ersonal use only

Sustainability



Approach to sustainability

Ensuring communities benefit from Fortescue's success



Setting high standards

Health, safety and wellbeing

Workforce diversity

Protecting Aboriginal heritage

Business integrity

Economic contribution



Safeguarding the environment

Climate change action

Protecting biodiversity

Water management

Mine closure and rehabilitation

Waste management



Creating positive social change

Creating opportunities

Building sustainable communities

Social investment

Protecting Human rights

Eliminating modern slavery

Sustainability performance



Recognised as a global leader in sustainability

Gold Class Sustainability Award in 2022 S&P Global Sustainability Yearbook

Included in the Australian, Asia-Pacific and World Dow Jones Indices for third year

TCFD aligned climate-related reporting

Leading climate-related targets

Recognised for sustainable water management

Sustainability Award

Gold Class 2022

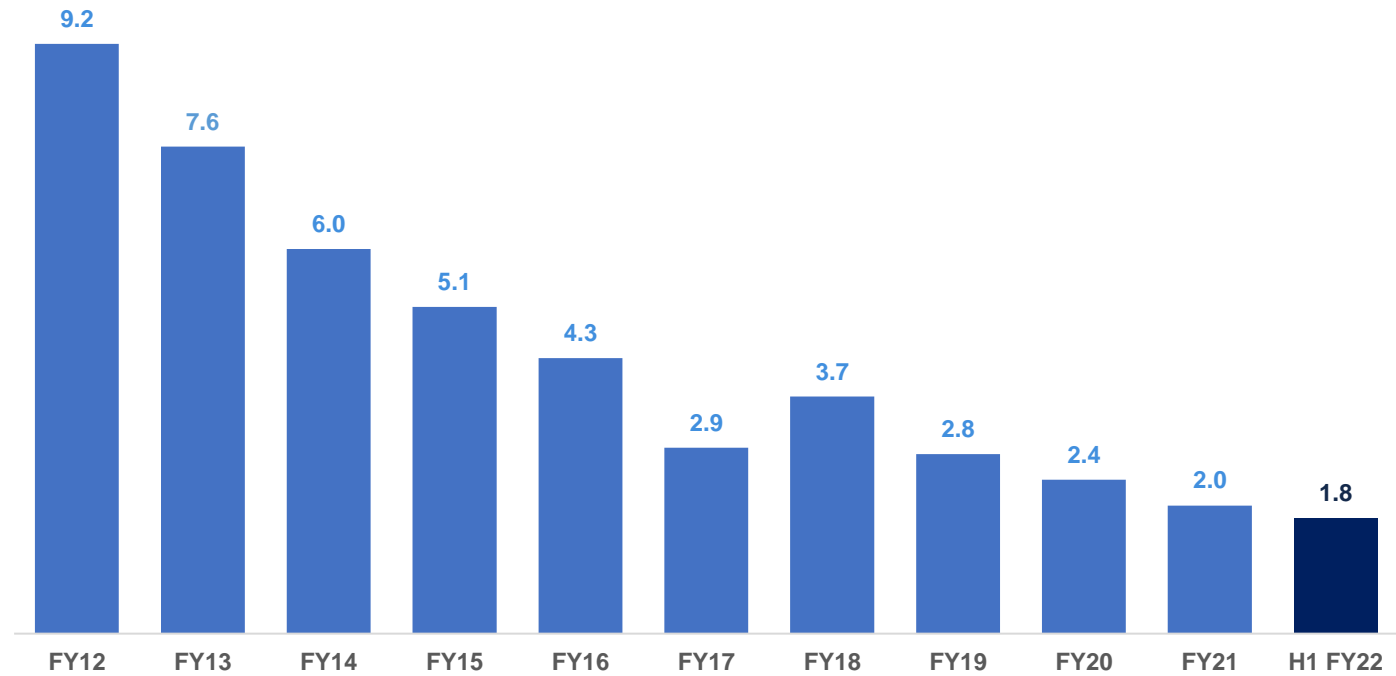
S&P Global

Safety and unique culture



Unwavering focus on health and safety of the Fortescue family

Total Recordable Injury Frequency Rate



A safe and supportive workplace

Personal use only



Zero tolerance approach to bullying, harassment or intimidation

Strong and unique culture

Built on integrity and respect

Workplace Integrity Review

Engaging with Fortescue workforce and contractors

Speak Up

Empowering team members to report behaviour not aligned with Fortescue's culture and Values

Enhanced safety

Implementing initiatives to enhance safety at Fortescue villages

Setting high standards



A focus on safety and building a diverse workforce

1.8 TRIFR

14% improvement from 31 December 2020

22% female

Employment rate

15% Aboriginal

Employment rate across Pilbara operations

Safeguarding the environment



Minimising the impact of our operations on the environment

Zero

Significant environment incidents

Monitoring and research

Continued investment in the monitoring and research of significant species

98% water reinjected

Innovative managed aquifer recharge scheme

ersonal use only



Creating positive social change



Empowering thriving communities and creating opportunities through training, employment and business development

Billion Opportunities

>^A\$3.5 billion in contracts awarded to Aboriginal businesses and joint ventures since 2011

Modern Slavery


Release of FY21 Modern Slavery Statement

VTEC

Successful employment of over 980 Aboriginal people across our sites

ersonal use only





Sustainability Financing Framework



Strong ongoing commitment to environmental, social and governance leadership

Financing framework

Aligned with sustainability strategy and climate change objectives

Sustainable finance

Growth in sustainable, green and social sources of capital

Shareholder value



Further optimising capital structure

Sustainability Financing Framework



Aligned to UN Sustainable Development Goals, Eligible Projects foster net-zero emissions, protection of the environment and social benefit

Green



- Renewable energy
- Energy efficient
- Green hydrogen and ammonia
- Energy storage
- Clean transportation
- Pollution control
- Sustainable water management

Social



- Employment generation
- Access to education and vocational training
- Socioeconomic advancement and empowerment

ersonal use only

Climate Change



Industry leader in addressing climate change

Carbon neutrality by 2030

Clear priorities on decarbonisation pathway

Net zero Scope 3 emissions by 2040

Addressing emissions across the value chain

Green fleet development

Heavy industry decarbonisation initiatives

Stationary energy

Energy infrastructure supporting incorporation of large scale renewables

Decarbonisation progress

Leading the world effort to decarbonise hard to abate sectors

Haul trucks

- Developed hydrogen powered haul truck prototype
 - Prototype battery electric power system under development
-

Drill rigs

- Design of hydrogen powered drill rig prototype
-

Rail

- Successful combustion of >80 per cent ammonia in fuel
- Purchase of two new battery electric locomotives from Progress Rail Australia



Decarbonisation progress

Focusing on emissions reduction across the value chain

Shipping

- Design and construction of combustion testing device for marine engines
 - Design of next generation ore carrier that will consume green ammonia
 - Planned conversion of ship to run almost entirely on green ammonia
-

Green iron

- Evaluating a range of pathways to produce green iron

Williams Advanced Engineering



**Leading provider of high-performance battery
and electrification technologies**

Demonstrated track record

of success in advanced engineering across the premium
automotive and motorsports sectors

Enabling Fortescue's decarbonisation

Critical technology and expertise in high-performance battery
systems and electrification

Vertically integrated

into Fortescue and managed by Fortescue Future Industries

*Fortescue's acquisition of Williams Advanced Engineering is expected to be completed by the end
of March 2022*

ersonal and confidential

Fortescue Future Industries

FORTESCUE
FUTURE
INDUSTRIES



Fortescue

Fortescue Future Industries



Green energy and green technology company

Enabler of decarbonisation targets

Investing in decarbonisation technologies
Supplier of green energy

New energy business

Assessing global portfolio of renewable energy and green industry opportunities

Capital allocation

10 per cent of Fortescue's net profit after tax
FY22 anticipated expenditure: US\$400 – US\$600m

Portfolio of opportunities – Australia



Taking a global leadership position in green energy and green technology

Global Green Energy Manufacturing Centre

Electrolyser manufacturing facility in Gladstone, Queensland
Initial capacity of 2GW per annum

Convert Gibson Island ammonia facility

First phase of studies completed with Incitec Pivot Limited
Conversion of the Gibson Island ammonia production facility to be powered by green hydrogen

Repurpose coal infrastructure

Undertake feasibility study with AGL Energy Limited
Repurpose infrastructure at the Hunter Valley's Liddell and Bayswater coal-fired power stations

Portfolio of opportunities – International

Papua New Guinea

Master Development Agreement to undertake feasibility studies on a portfolio of major green energy and hydrogen projects

Indonesia

Agreement to explore potential for renewable energy and green hydrogen projects in North Kalimantan

New Zealand

Investigating potential repurposing of facilities at the RNZ Marsden Point oil refinery to produce green hydrogen

Germany

Plans to enter long-term agreement with Covestro for supply of green hydrogen and green ammonia

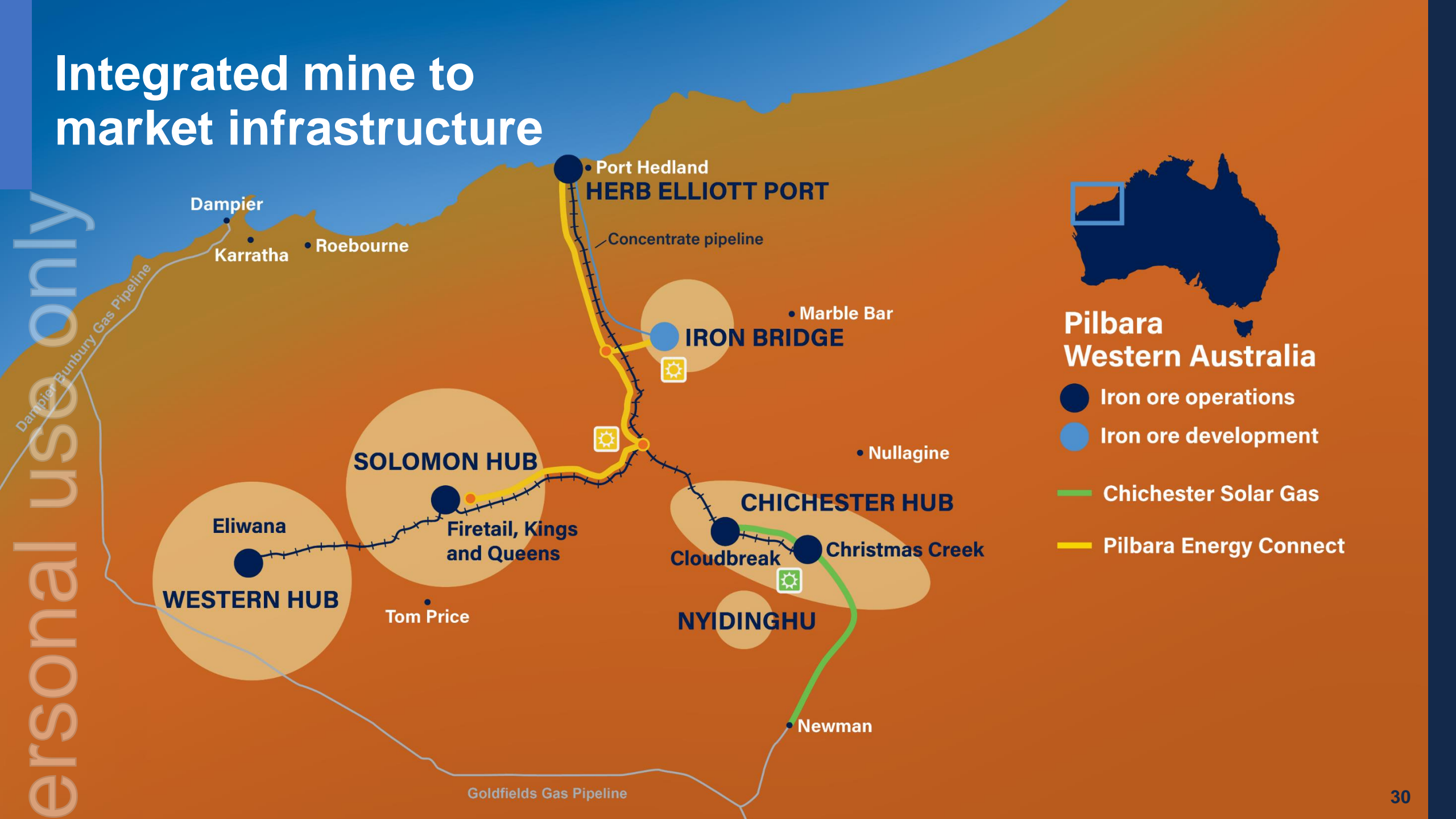
Personal Use Only

Integrated operations and marketing

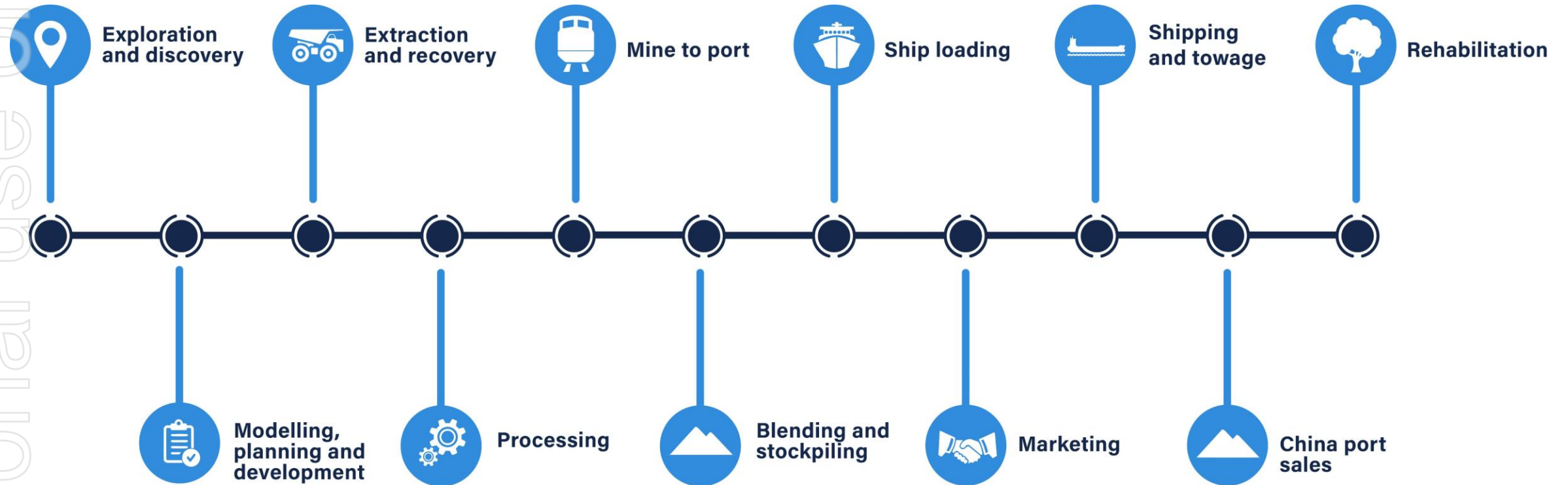


Integrated mine to market infrastructure

ersonal use only



Supply chain



Forefront of innovation

Delivering safety, productivity and efficiency benefits

Operational excellence



Optimising asset base value

Current

- Autonomous haulage
- Relocatable conveyors
- OPF upgrades and WHIMS

Under development

- Remote dozing station
- Additional equipment automation
- Magnetite processing

Data and analysis



Driving informed decision making

Current

- Fortescue Hive
- Robotic Process Automation

Under development

- Advanced analytics and machine learning
- Transformation of information and decision support systems

Carbon neutrality



Maximising opportunities

Current

- Solar power
- Integration of renewables
- Battery storage

Under development

- Heavy industry decarbonisation technologies
- Hydrogen mobility
- Hydrogen refuelling infrastructure

Marketing strategy



Aligned with needs of customers and market

Direct engagement

Customers and stakeholders

Flexible and innovative

Product and logistics offering

Long term relationships

Product suite

Aligns with needs of the market

ersonal use only

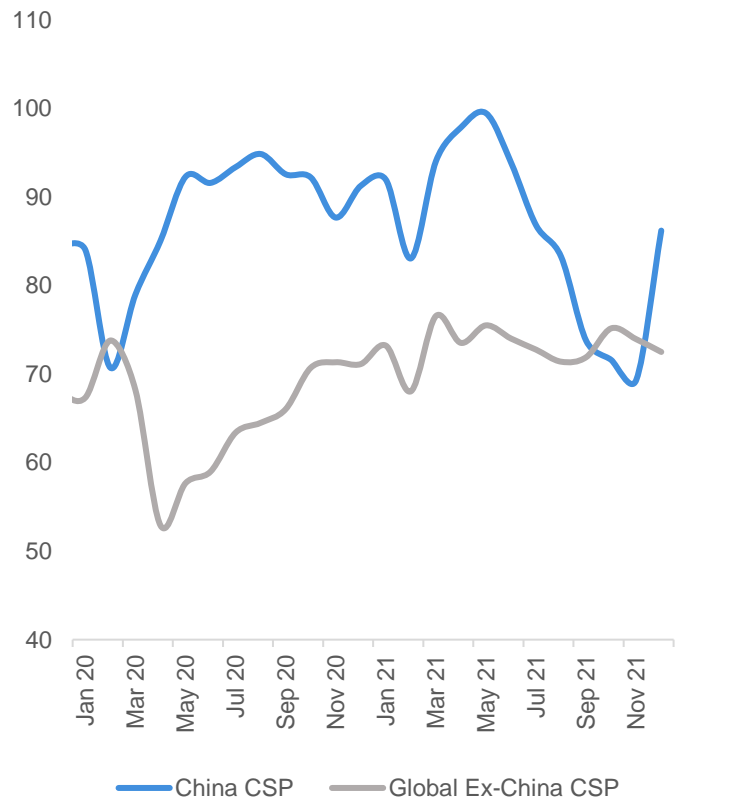


Growth in global steel production

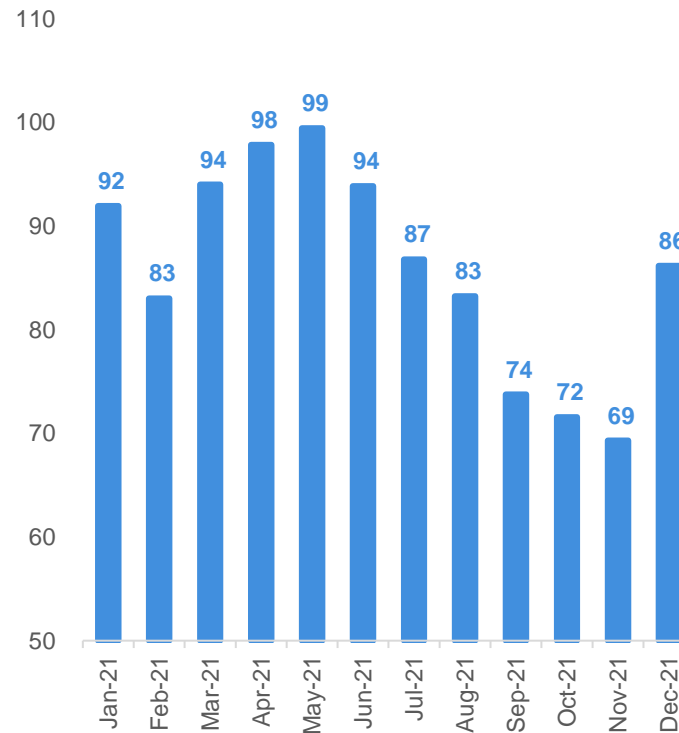
Global crude steel production rose four per cent in 2021



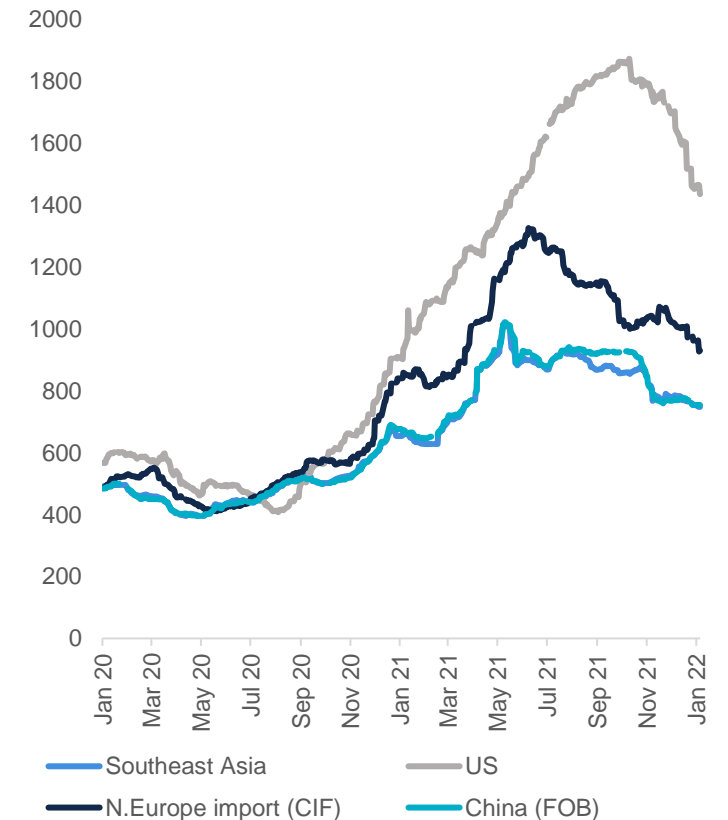
Global crude steel production (mt)



China crude steel production (mt)



Global steel prices (US\$/t)



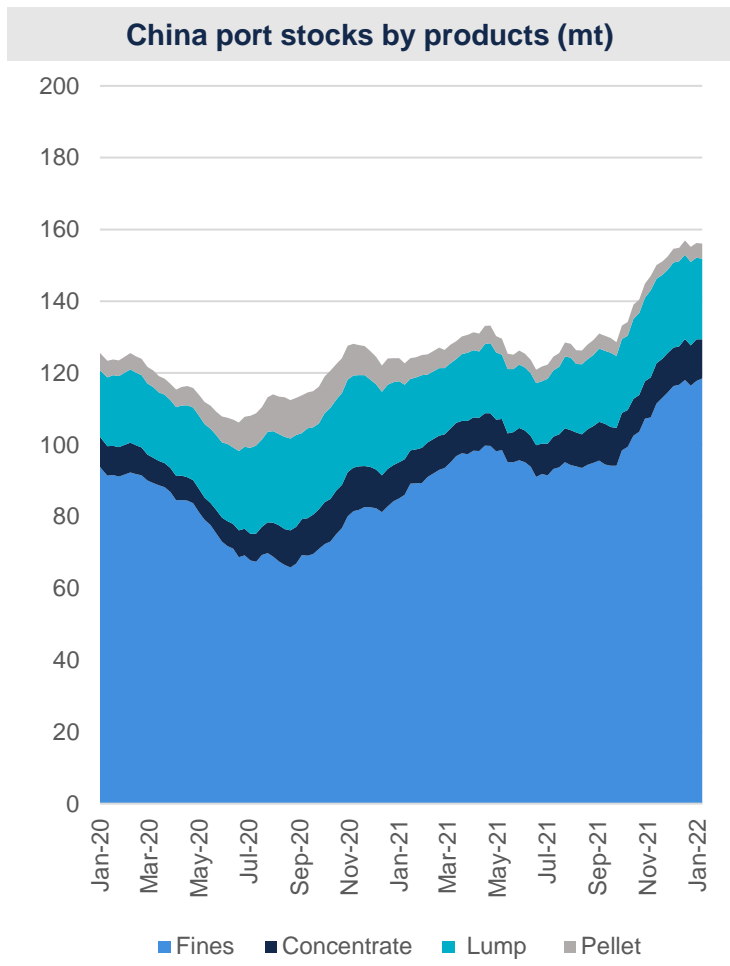
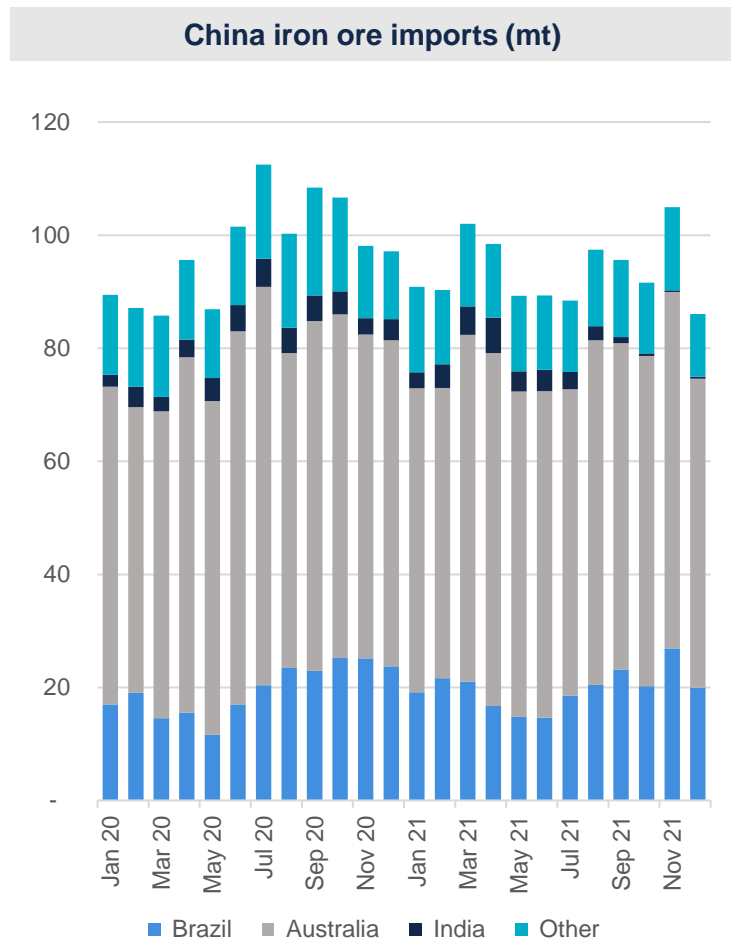
Source: Platts, World Steel Association, NBS



ersonal

China's iron ore imports and port stocks

Iron ore supply growth constrained from traditional producers



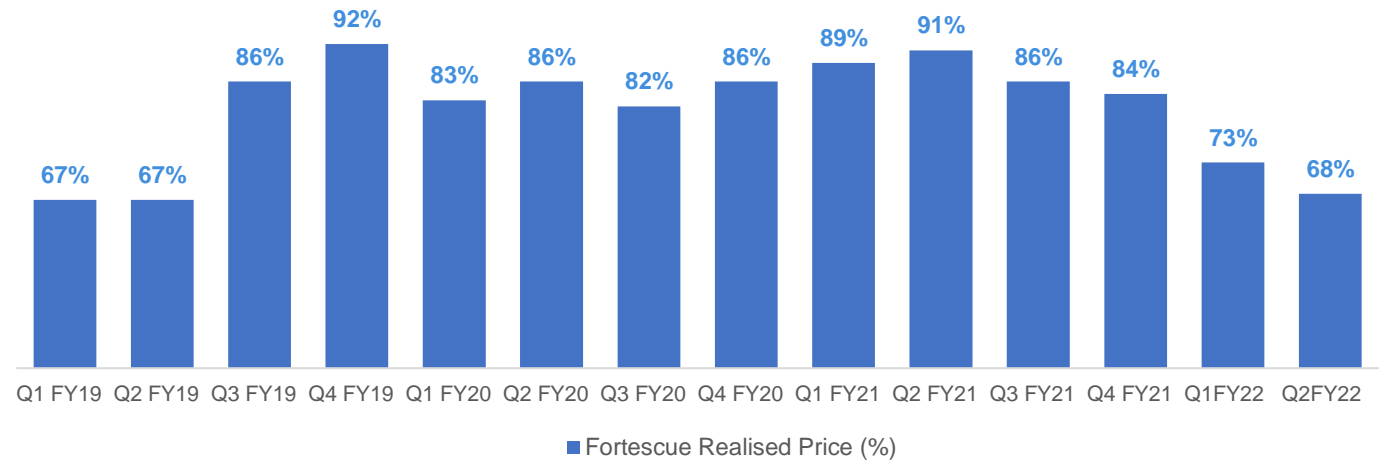
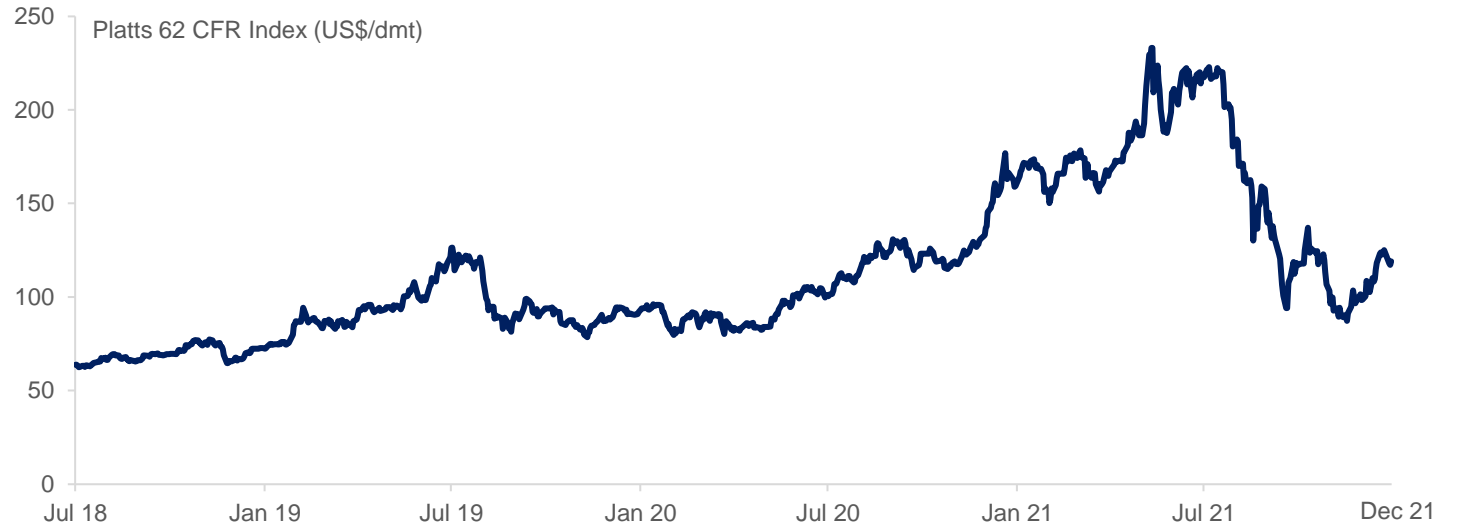
Source: China Customs, Mysteel, 45 Ports China, Fortescue Analysis

Cyclical price realisations

ersonal use only



H1 FY22 average revenue of \$96/dmt, 70 per cent of the Platts 62 CFR Index



Source: Platts, Mysteel, Fortescue analysis

ersonal use only

Growth and development



Iron Bridge

Strategic investment providing enhanced product range



US\$3.3 – US\$3.5 bn

Capital estimate

67% Fe

High grade magnetite concentrate

22 mpta

First production by December 2022

US\$33 – US\$38 /wmt

Competitive life of mine C1 cost

Iron Bridge progress

Ore Processing Facility (OPF)



June 2021



January 2022

Iron Bridge progress

Primary crusher through to secondary crusher



June 2021



January 2022

Exploration - Australia

Focus on iron ore and commodities
that support decarbonisation



Pilbara

Extensive iron ore tenement footprint

Western Australia

Copper, gold and lithium exploration
>15,000km² of tenure

New South Wales

Copper exploration
3,900km² of tenure

South Australia

Copper exploration
>14,500km² of tenure

Exploration - International

Personal use only



Gabon

Exclusivity period to study the development of the Belinga Iron Ore Project

South America

Copper exploration

Argentina: >3,000km² of tenements

Ecuador: 1,350km² of tenements

Peru, Chile, Brazil

Kazakhstan

Copper exploration

Three project areas across >18,000km²

Portugal

Lithium exploration

>5,000km² of tenements in application

ersonal use only

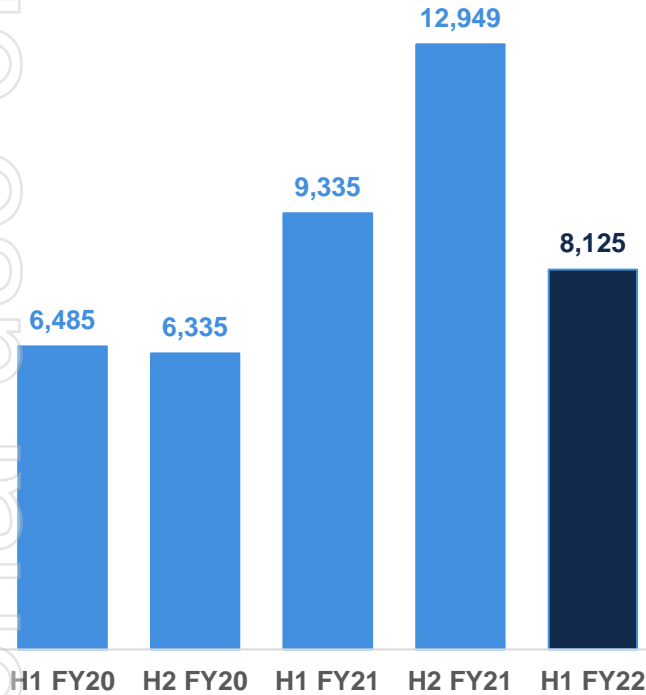
H1 FY22 Results



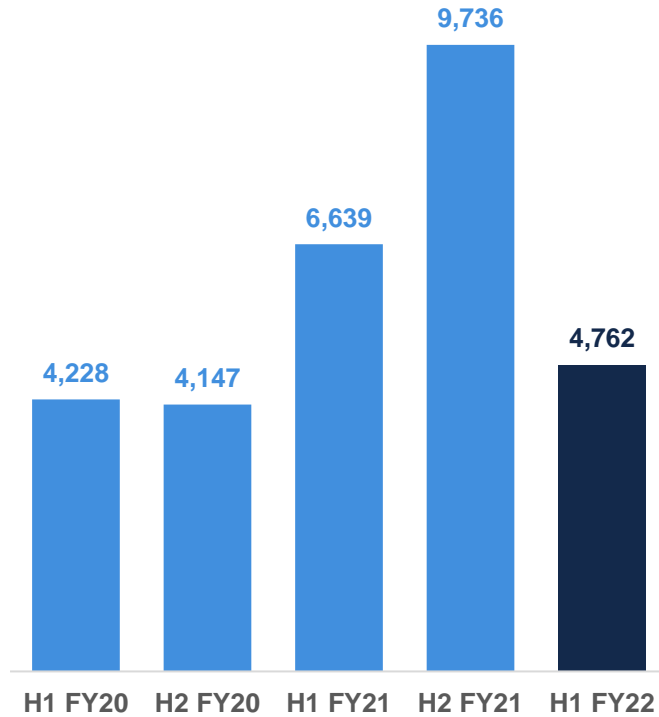
Revenue and earnings

Half year revenue and earnings profile

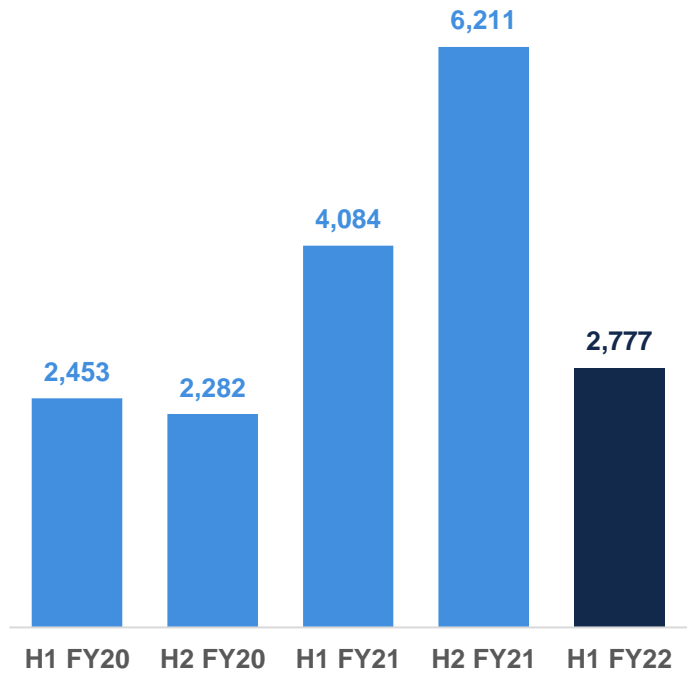
Revenue (US\$m)



Underlying EBITDA (US\$m)



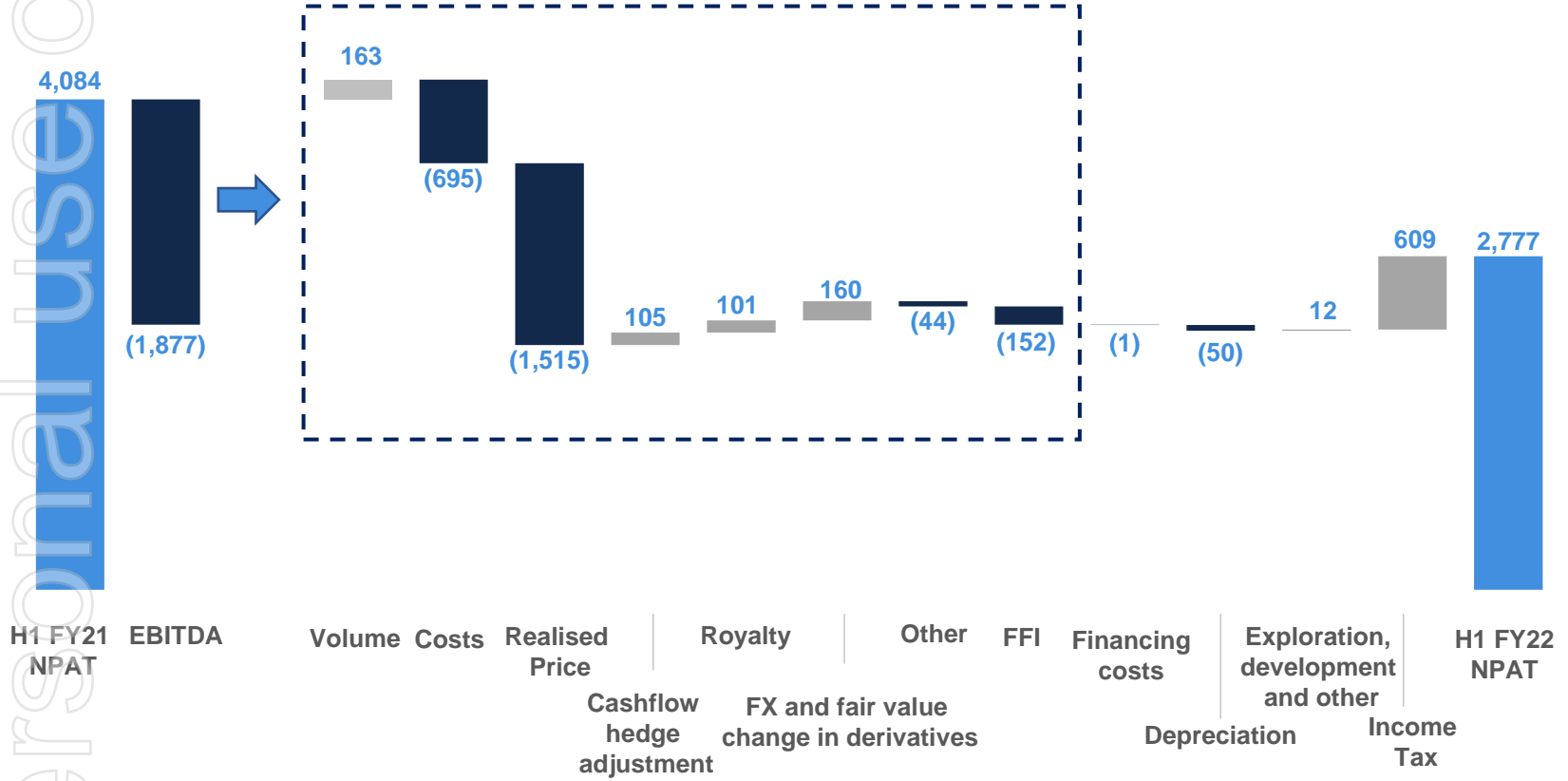
NPAT (US\$m)



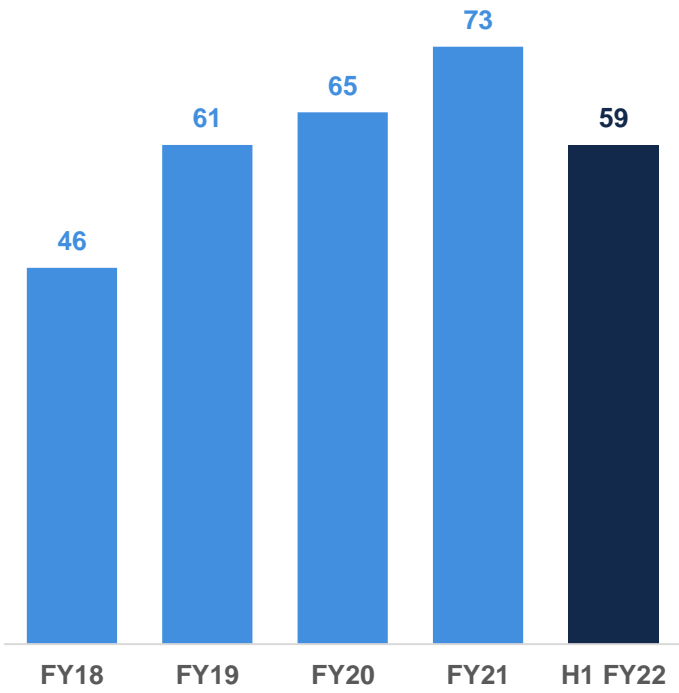
Underlying EBITDA

Earnings reconciliation

Underlying EBITDA and NPAT reconciliation (US\$m)



Underlying EBITDA margin (%)

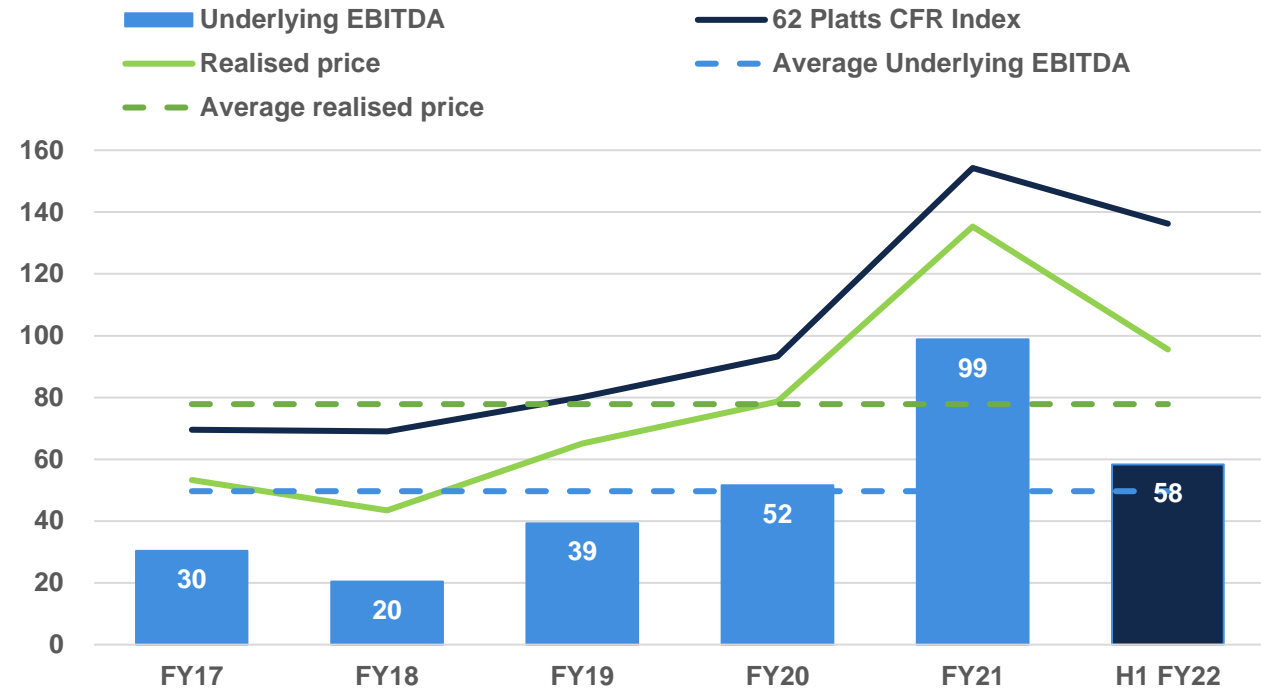


Personal use only

Price and margins

Track record of strong margins through the cycle

Prices and Underlying EBITDA margin (US\$/dmt)

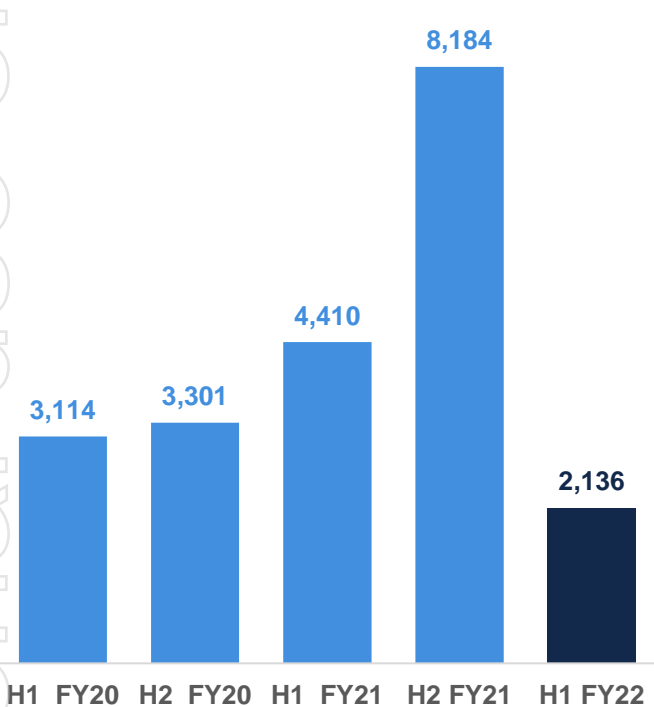


Underlying EBITDA excludes FFI expenditure

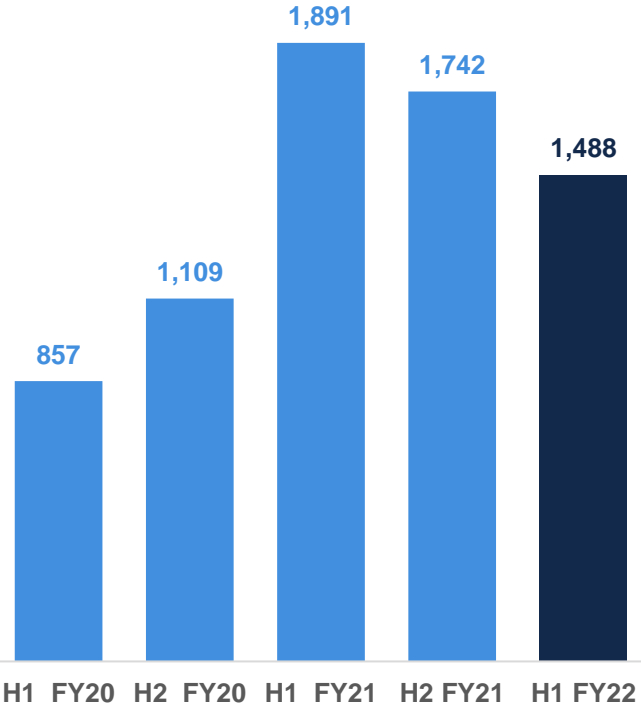
Cash generation

Strong operating performance and disciplined capital investment

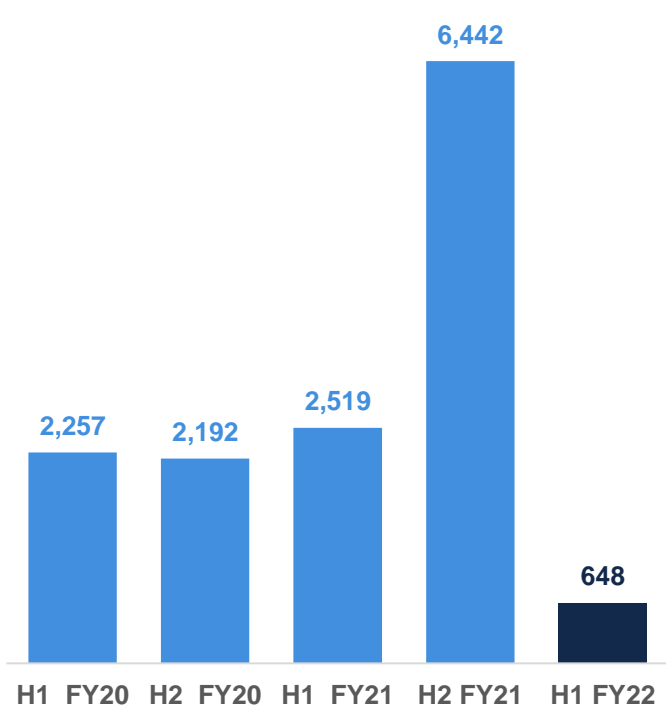
Net cash from operations (US\$m)



Capital expenditure (US\$m)



Free cash flow (US\$m)

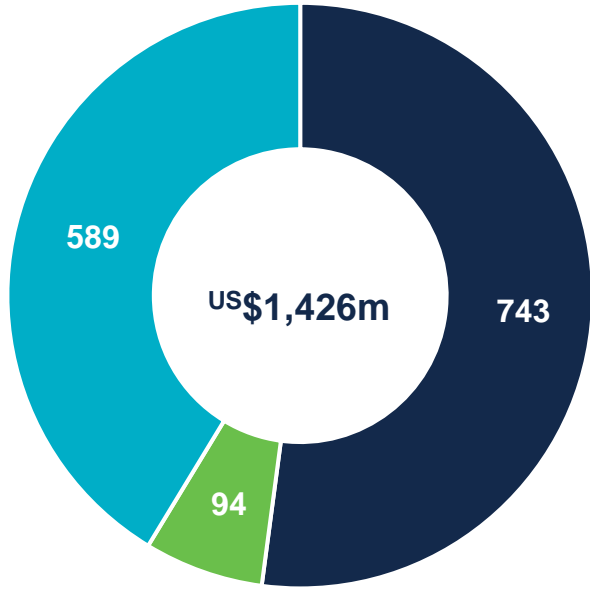


ersonal use only

Capital expenditure

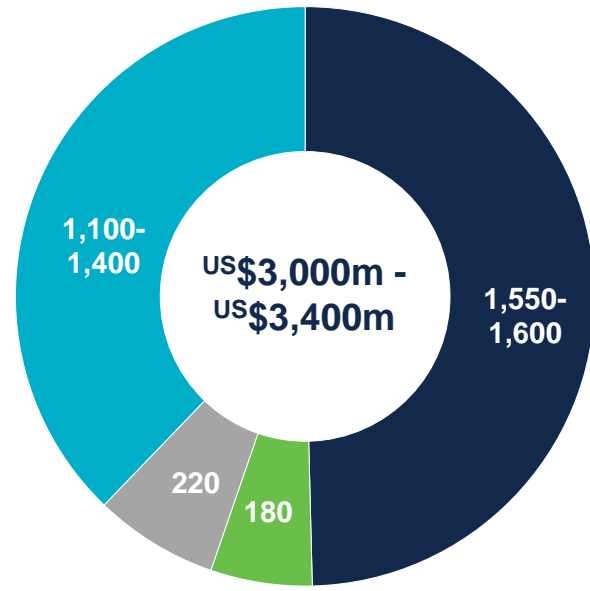
Reinvesting in the business and growth

H1 FY22 capital expenditure (ex-FFI) (US\$m)



- Sustaining and development capital
- Exploration and studies
- Major projects

FY22 capital expenditure guidance (ex-FFI) (US\$m)



- Sustaining and development capital
- Exploration and studies
- WAE acquisition
- Major projects

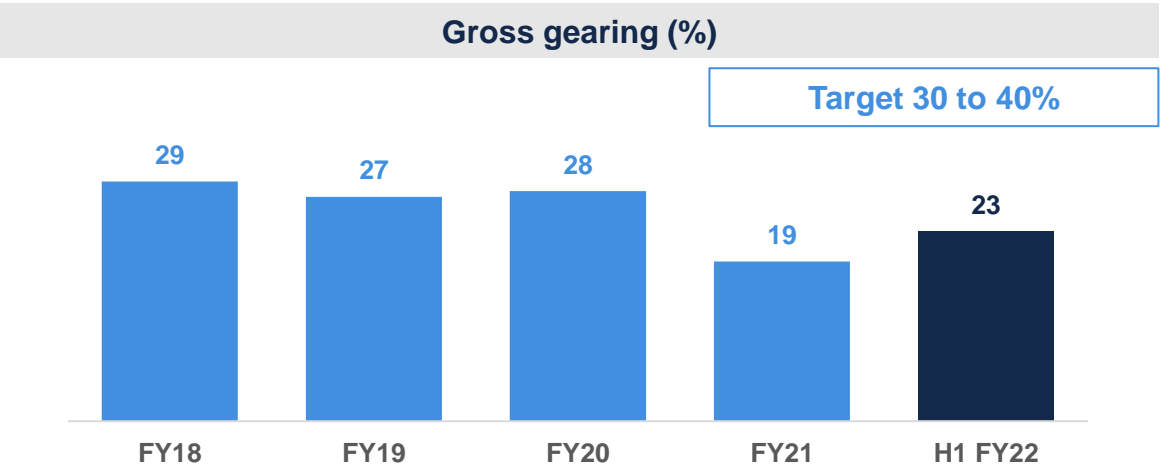
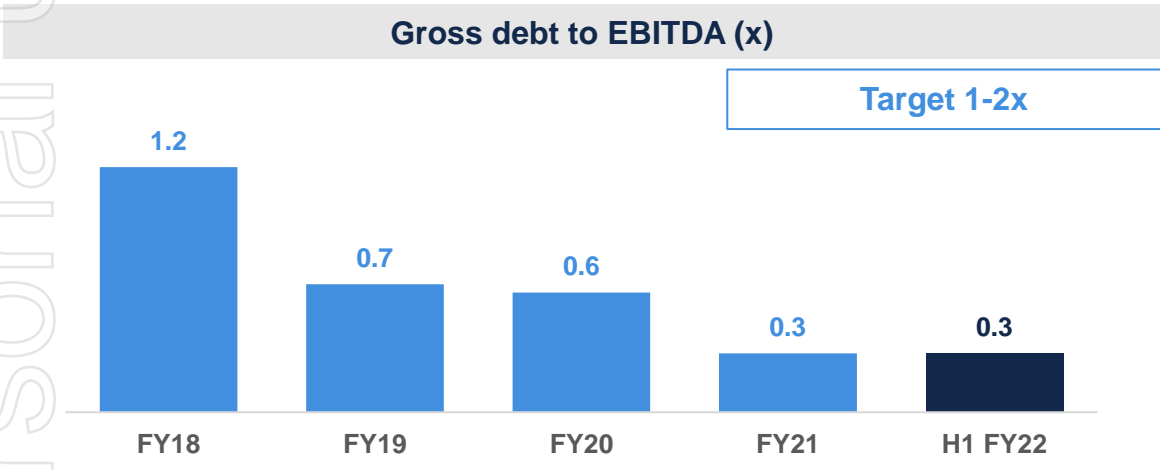
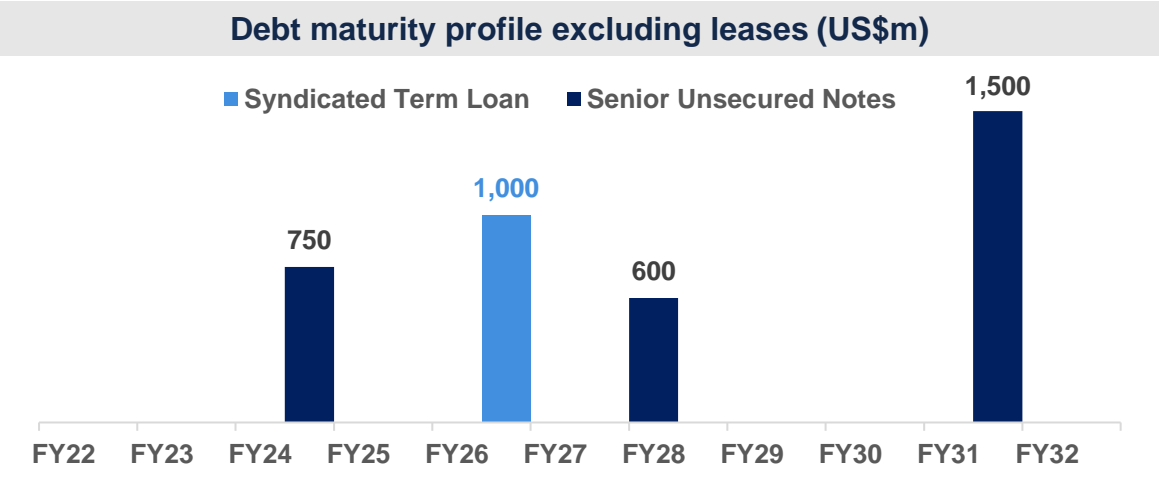
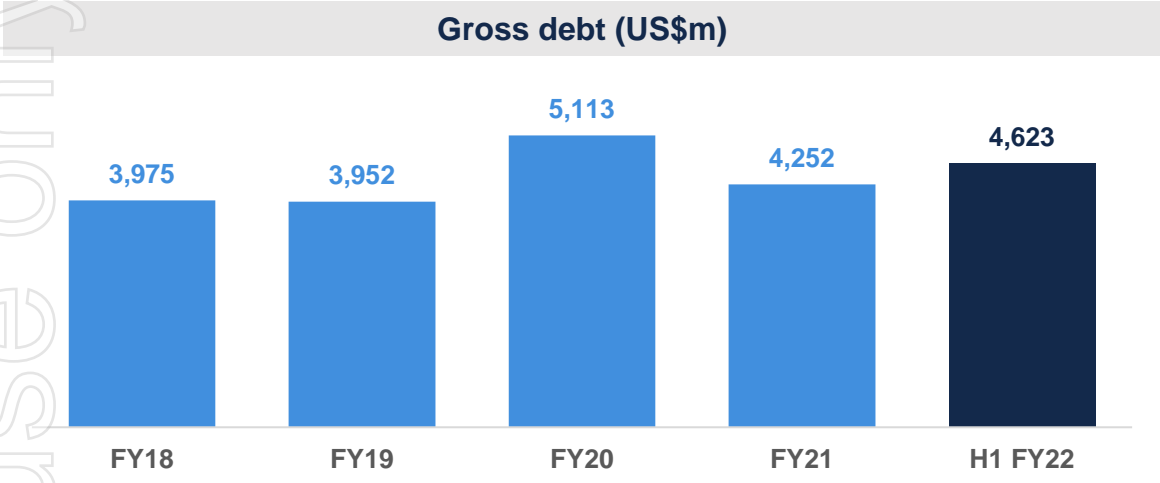
FFI capital expenditure US\$62 million

ersonal use only

Robust balance sheet

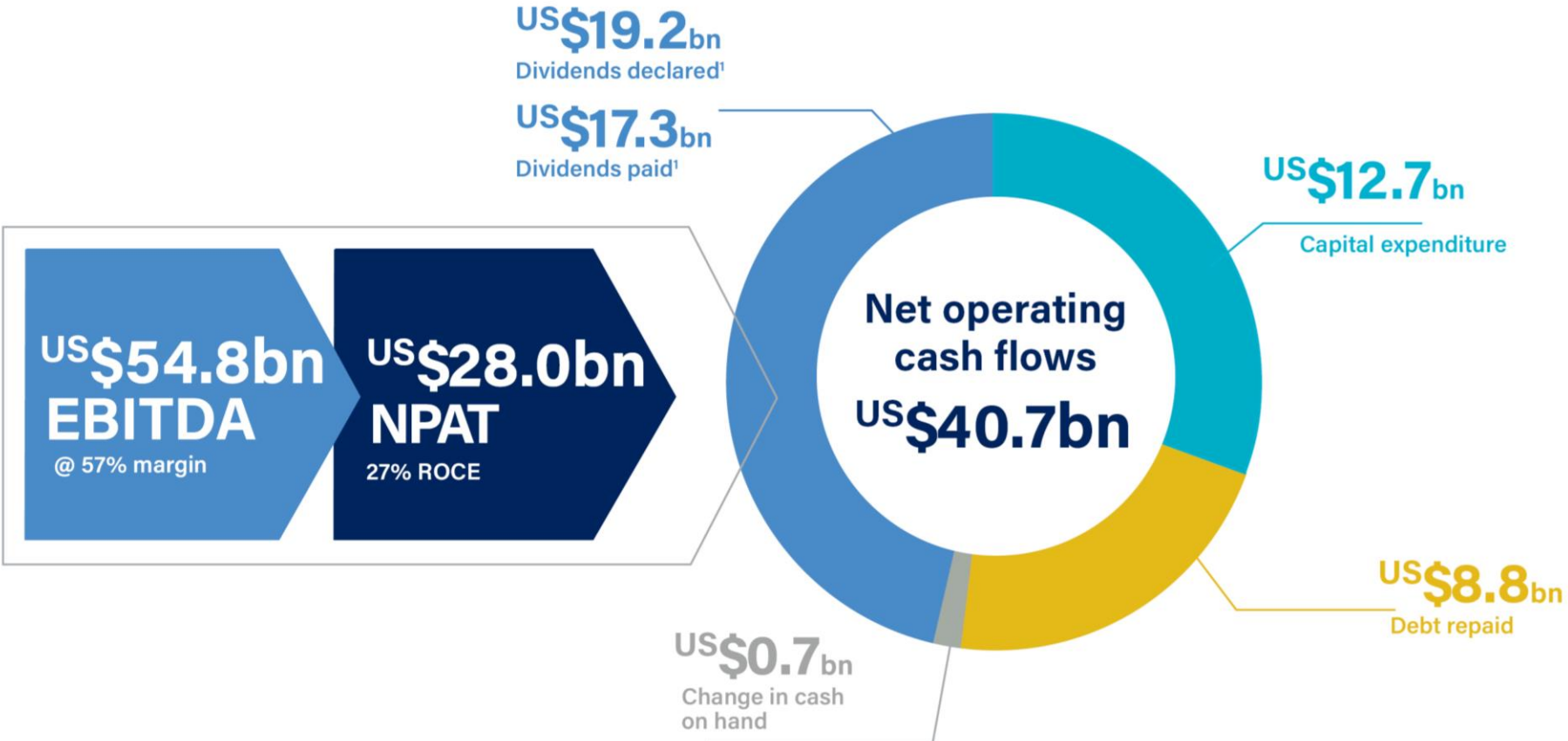
Credit metrics below target range, with future capacity

Personal use only



Disciplined capital management

Aggregate earnings and cashflows FY14 – H1 FY22



¹Includes share buyback

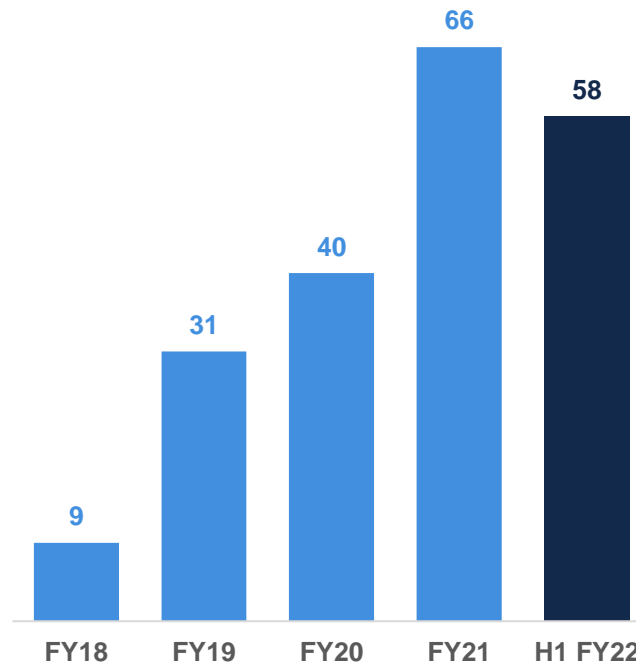
ersonal use only

Return on capital

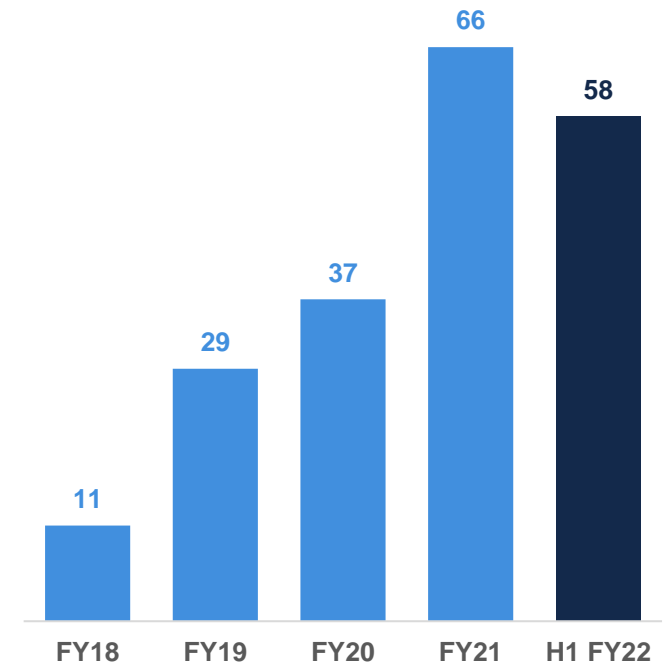


Profitable and efficient

Return on equity (%)



Return on capital employed (%)



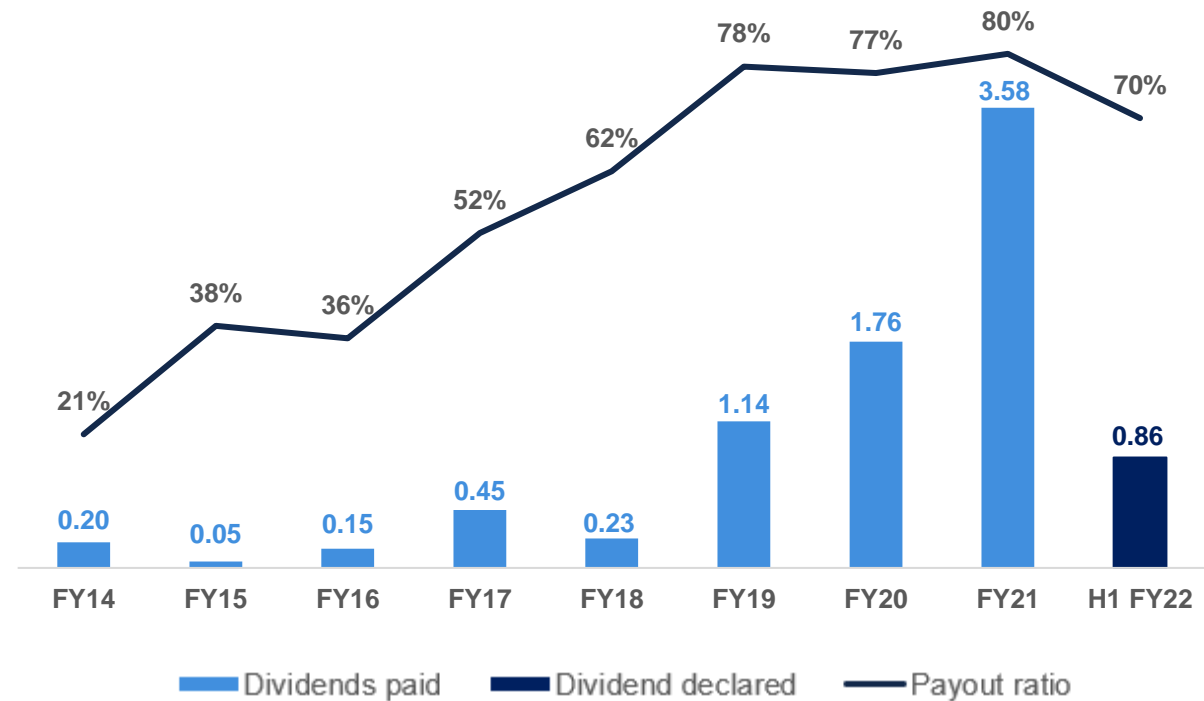
H1 FY22 is based on the last 12 months; ROCE is calculated as earnings before interest and tax divided by average capital

Delivering dividends



Fully franked dividend of A\$0.86 per share, representing a 70 per cent payout of H1 FY22 NPAT

Dividends (A\$/share) and payout ratio (%)



ersonal use only



ersonal use only

Our Values

Safety

Family

Empowerment

Frugality

Stretch targets

Integrity

Enthusiasm

Courage and determination

Generating ideas

Humility



Thriving Communities | Global force



Fortescue



www.fmgl.com.au

ersonal use only